

kubell Co., Ltd.

4448

Tokyo Stock Exchange Growth Market

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Summary

BPaaS domain grows into a second pillar, and revised results forecasts achieved in all items

1. Company profile

kubell Co., Ltd. <4448> (hereafter, also “the Company”) offers Chatwork, one of Japan’s largest business chat services; promotes DX of business operations; and develops a Business Process as a Service (BPaaS) business, including TAXITA, a business process outsourcing service that supports efforts to improve productivity at small and medium-sized enterprises (SMEs). The Company’s strength lies in providing precise solutions to the structural issues faced by Japan’s domestic labor market. To address labor shortages caused by a declining birth rate and aging population, as well as the need to improve the productivity of SMEs, the Company has centered its efforts on Chatwork, a tool that can be easily introduced and utilized even by companies with low IT literacy, contributing significantly to many SMEs. Chatwork has been adopted by more than 973,000 companies in Japan (as of the end of December 2025), successfully differentiating itself from competitors by offering services targeted especially at SMEs. Further, the Company is promoting a new cloud-based service model called BPaaS, which supports DX at SMEs by outsourcing business processes to the cloud. This approach represents a significant strength, as it provides a solution that is easy to introduce even for the majority market, which tends to lag in DX due to low IT proficiency.

2. Overview of FY12/25 results

In the FY12/25 consolidated results, the Company reported revenue of ¥9,529mn (up 12.5% year on year [YoY]), operating profit of ¥485mn (up 400.8%), ordinary profit of ¥458mn (up 506.9%), and profit attributable to owners of parent of ¥215mn (loss of ¥1,172mn in previous fiscal year). Although the initial forecasts were revised based on the external environment and investment plans, the revised results forecasts were achieved for both revenue and each profit level. The significant upside in terms of profit is particularly notable. EBITDA reached ¥1,371mn (up 60.0% YoY) and the EBITDA margin reached 14.4%. The EBITDA margin reached the target range of 10% to 15% for 2026 indicated in the medium-term management plan ahead of schedule, and the earnings structure is improving at a faster than expected pace. The background to this is the improvement in gross profit across all businesses and increased operational efficiency. Achieving both revenue growth and cost control led to the achievement of the results forecasts and the improvement of the earnings structure.

In addition, it is also worth noting that revenue in the BPaaS domain exceeded ¥1,000mn, growing into a second pillar following the mainstay Chatwork in just two years since the start of the service in 2023. The expansion of the BPaaS domain plays a role in stabilizing the earnings base of the entire Group through the accumulation of recurring revenue and the deepening of customer touchpoints, and we at FISCO highly evaluate it as an important element supporting sustained growth going forward.

3. FY12/26 forecasts

For the FY12/26 consolidated results, the Company continues to forecast higher revenue and profits, with revenue of at least ¥10,768mn (up at least 13.0% YoY) and EBITDA of at least ¥1,500mn (up at least 9.4%). Along with continuing to expand the business chat base, the Company will re-accelerate revenue growth by simultaneously promoting scale expansion and profitability improvement in the BPaaS business. Management’s proactive stance is evident in the fact that it clearly set out to re-strengthen its growth trajectory, rather than merely sustaining growth on its conventional path.

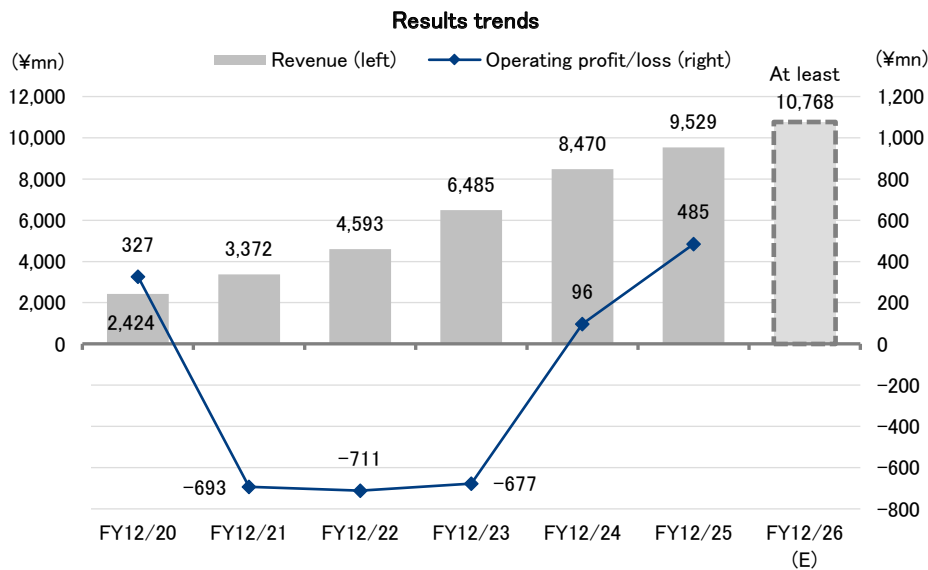
Summary

In the medium-term management plan, the financial targets for the final year of FY12/26 are revenue of ¥15,000mn, EBITDA of ¥1,500mn to ¥2,250mn, and an EBITDA margin of 10% to 15%. Although there is no change to these targets, taking into account that they include a certain degree of uncertainty such as M&A and new businesses, the results forecasts were set conservatively without factoring in these effects. This approach ensures the transparency of communication with investors and demonstrates a solid management stance that emphasizes achievability.

However, the Company has steadily accumulated M&A expertise through its track record to date, and M&A has evolved to the stage where it occupies a corner of its key growth strategies. The fact that it has established a structure capable of autonomously driving everything from deal sourcing to execution and integration means that a foundation is being developed to make discontinuous growth a realistic option. Therefore, regarding the results forecasts, we at FISCO believe that while steady growth continuation is expected, they contain upside potential toward achieving the plan.

Key Points

- Supports productivity improvements at SMEs through BPaaS business including Chatwork, one of Japan’s largest business chat services, and TAXITA, a business process outsourcing service
- In FY12/25, achieved the revised results forecasts in all of revenue and each profit level
- In FY12/26, aims for revenue to increase at least 13.0% YoY and EBITDA of at least ¥1.5bn



Note: Consolidated basis from FY12/21
 Source: Prepared by FISCO from the Company's financial results

■ Company profile

Provides Chatwork, one of Japan's largest business chat services

1. Company profile

The Company offers Chatwork, one of Japan's largest business chat services, promotes DX of business operations, and provides BPaaS such as TAXITA, a business process outsourcing service that supports efforts to improve productivity at SMEs. With a mission of "making work more fun and creative," the Company sees time spent working as more than a means to making a living, and aims to realize a society where people can have more fun exploring their creativity. In pursuit of this mission, the Company is driven by the determination to "be a company that continues to add fuel to the fire (aspiration) residing in the hearts of all people who work." The Company's name, "kubell" is derived from the Japanese word "kuberu," which means to add firewood to a bonfire.

Chatwork leads the domestic market and has been ranked No. 1 in the number of business chat users in Japan for six consecutive years, according to the Nielsen NetView / Mobile NetView Customized Report conducted by Nielsen Digital Co., Ltd. Further, as of the end of FY12/25, the service has been adopted by more than 973,000 companies, a broad customer base that underscores the robustness of the Company's platform. The Company goes beyond simply providing software as a service (SaaS) to occupy a unique position by offering BPaaS, which outsources entire business processes through SaaS, supporting its customers' DX initiatives. It offers solutions for SMEs in particular that facilitate DX even for companies with low IT literacy. As part of its growth strategy going forward, the Company also aims to become the No. 1 BPaaS provider for SMEs by 2026, with a long-term goal of evolving into a platform as a super app for business. To realize this vision, the Company will continue to expand its share of the domestic market and develop new services that streamline labor productivity.

The Company already has a solid foundation in the domestic SaaS market, with a particularly strong competitive advantage in the SME segment. The development of new services utilizing BPaaS and AI is highly effective as a strategy for sustainably expanding that, and we at FISCO anticipate significant growth going forward.

2. History

The Company was originally known as Chatwork Co., Ltd., and today enjoys the largest share of Japan's market for business chat services, primarily for SMEs. The Company's origins go back to July 2000. At the time, the Yamamoto brothers founded EC studio in Suita, Osaka Prefecture, with the goal of providing website customer acquisition support services for businesses. (The Company's current Representative Director, President and CEO is the younger of the brothers, Masaki Yamamoto.) In November 2004, the firm was incorporated as a limited liability company (Y.K.) before reorganizing as a stock company (K.K.) in December 2005. As its business expanded, in 2006 it established its Tokyo office in Setagaya-ku, Tokyo.

Company profile

In March 2011, the Company released Chatwork, its business chat service, which subsequently attracted considerable attention inside Japan. In April 2012, the company name was changed to ChatWork Co., Ltd., and that year, the Company also established a subsidiary in the US, in California. Chatwork not only attempted to expand domestically but also ventured overseas. However, amid a proliferation of competing global services, it withdrew temporarily from competition in the global market. Nevertheless, in the domestic market, its business model aimed particularly at SMEs proved successful, leading to steady growth. The Company once again changed its name to Chatwork Co., Ltd. in November 2018, and was subsequently listed on the Tokyo Stock Exchange Mothers Market (currently the Growth Market) in September 2019. In July 2024, the Company changed its name from Chatwork Co., Ltd. to kubell Co., Ltd., indicating its intention to further diversify its business and strengthen its efforts to support SMEs. Since its founding, the Company has continued to grow and transform, evolving beyond business chat to become a platform that supports the DX of business processes.

Business overview

Based on its Chatwork, transforms the way people work using BPaaS

The Company has a single segment, the Platform Business, broadly divided into two domains: the SaaS domain centered on the Chatwork business chat platform and the BPaaS domain in which the Company engages in BPaaS. Chatwork holds a dominant market share in Japan's SME market, leading the industry in both number of users and number of companies adopting the service. Since users rely on it continuously while working, it provides significantly more customer touchpoints compared to other SaaS solutions, making its platform capabilities a key strength of the Company.

The BPaaS offered by the Company is a more advanced form of cloud service than SaaS, characterized by providing not only software, but also delivering entire business processes through the cloud. The BPaaS enables SMEs with low IT literacy to promote DX. In addition, by leveraging the Chatwork platform, it provides new added value by not only offering SaaS but also streamlining operations on behalf of the customer. The Company is also focusing on developing new services utilizing AI technology, and is investing in areas of promising future growth, especially AI-driven conversation features and automated task execution within Chatwork. The use of AI is expected to both further enhance user productivity and help the Company acquire new customer segments.

The business chat market still has significant room for growth and current adoption rates are low, so market expansion is anticipated going forward. Meanwhile, profitability in the BPaaS business is expected to improve as high value-added services are provided. The Company is driving its growth strategy on the pillars of these businesses, and in the medium term, stable revenue growth is expected. In addition, through the development of its incubation business, the Company is expected to secure new growth opportunities and further enhance its corporate value. The Company's business model is extremely attractive, with significant room for growth, particularly in the market for DX support for SMEs. We at FISCO expect that the continued expansion of services utilizing BPaaS and AI technology will lead to improved profitability.

Business overview

1. Business chat business

In the business chat business, the Company offers its flagship product, the business chat tool Chatwork. Targeting primarily SMEs in Japan, it features an easy-to-use UI and seamless connectivity with external applications, contributing to DX at SMEs. Unlike other SaaS products, the user base has expanded rapidly through referrals between users, and the Company maintains stable revenue driven by increases in the number of companies introducing Chatwork. Going forward, the Company plans to continue addressing customer needs by enhancing functions that streamline work, such as task management and scheduling. In addition, based on the business chat service, it anticipates further business growth by realizing seamless collaboration with BPaaS, described later.

2. BPaaS business

In the BPaaS business, the Company offers services that provide entire business processes on the cloud, specifically tailored for SMEs. More than simply providing software, BPaaS is positioned as a next-generation cloud service that promotes business operation streamlining and DX. BPaaS aims to optimize entire business processes, which are particularly difficult to address with SaaS, by having in place an environment in which companies can confidently outsource their operations. In its BPaaS business, the Company offers services such as business process outsourcing and workforce management through deep integration with Chatwork. These services contribute to improving operational efficiency, especially for SMEs with limited IT literacy. Regarding outsourcing of internal operations, some may view it as a risk since it may prevent the accumulation of business expertise within the company. However, in SMEs, it is not uncommon for tasks to become dependent on the knowledge of a single veteran employee. In such cases, the impact of a veteran employee's resignation can pose an even greater risk to the company. We at FISCO believe that the benefits of properly outsourcing tasks through the Company's services and achieving efficiency through DX outweigh those risks. In addition, in April 2024 the Company launched kubell partner Co., Ltd., a wholly owned subsidiary, to accelerate the development and operation of its services. The BPaaS business is expected to expand further as a Group effort aimed at achieving the Company's goal of becoming the leading BPaaS company for SMEs.

3. Incubation business

In the Incubation business, the Company's goal is to leverage the knowledge and data accumulated through its existing business operations to create new businesses that go beyond its traditional areas of focus. At the center of the business is a large-scale operating engine that is a hybrid of technology and people, cultivated through its business chat and BPaaS businesses. The Company plans to leverage this platform to develop new businesses utilizing AI and other advanced technologies. Examples include automating tasks with AI and offering new services utilizing data. The Company also aims to strengthen alliances with other companies and secure new revenue sources through its incubation business. These initiatives have the potential to become a new pillar of growth following business chat and BPaaS, enabling discontinuous business growth.

4. Company strengths

Centered around Chatwork, one of Japan's largest business chat services, the Company has established a proprietary business model that mainly targets SMEs in Japan. Its strength lies in providing solutions which are easy to introduce and use that address structural issues specific to Japan, such as labor shortage caused by the declining birthrate and aging population and low labor productivity among SMEs. Due to developing products that are easy to use even for companies with limited IT literacy in particular, it has an excellent reputation as a company that fulfills a social role.

Business overview

Chatwork has secured a large market share, supported by an extensive customer base centered on SMEs. The platform's freemium model lowers barriers to adoption, while its simple UI and seamless connectivity with external applications foster organic adoption through referrals from existing users, forming a powerful network effect. The Company's strategy focusing on SMEs has differentiated it from competitors.

The majority of SMEs in Japan are small companies with 5 to 30 employees. Due to a market structure which makes it difficult to increase the efficiency of one-to-one sales, most SaaS vendors have little choice but to concentrate on the enterprise segment. Many products are therefore ill-suited to SMEs due to their high prices and complexity. Furthermore, the introduction of SaaS and AI is not progressing due to low IT literacy, and even though the market is large, entry is difficult, leading to it being referred to as the "black ocean" market.

The Company has established a competitive advantage in this market based on the network effect of its Chatwork platform, outsourcing of business processes through BPaaS, and its business model specifically tailored to SMEs. The network effect in particular has a domino effect on the introduction of Chatwork, providing a foundation for growth while keeping marketing costs down.

A feature of BPaaS is that it provides a framework for outsourcing business processes on the cloud and streamlining them. This approach supports DX that encompasses business processes for companies that tend to struggle in the early stages of IT adoption, thereby delivering value that cannot be obtained with conventional SaaS vendors. Additionally, since the Company is able to organically cross-sell BPaaS to its Chatwork user base, it has established a structure for leveraging brand recognition to increase lifetime value (LTV).

The Company's business model enables it to achieve both profitability and growth, and in particular, the unique position it has established in the black ocean market is a major strength. Furthermore, the Chatwork platform is characterized by its seamless connectivity with external applications, and there are some large enterprises that use Microsoft Teams for internal communication and Chatwork for external interactions. This shows its versatility, as it is able to address certain needs of large enterprises while focusing on the SME market.

Furthermore, the Company continues to offer increasingly greater value due to advances in AI technology. It is considering text generation and summarization using large language models (LLMs), task automation, etc. Once these become practical, they will dramatically improve SMEs' operational efficiency. There will also be greater potential for switching business processes to AI solutions in the BPaaS domain. The Company may therefore be expected to further solidify its presence in its target market.

Given the BPaaS market's total addressable market (TAM) estimated at ¥49.1tn, there is scope for the Company's approach specifically tailored to SMEs to contribute significantly to future market growth. The Chatwork platform's many customer touchpoints align well with a product-led-growth (PLG) model, and sustained revenue growth may be expected through enhanced marketing and sales efforts driven by user data.

The competitive landscape includes global players such as Microsoft Teams and Slack, but they both mainly focus on the enterprise domain. There are few players executing a strategy tailored specifically to SMEs. In the BPaaS domain, while there are many BPO services for large enterprises available, the Company is unusual in developing a model that combines business outsourcing for SMEs and provision of appropriate SaaS solutions, giving it a significant competitive advantage in this area. Going forward, the key to the Company achieving further progress is solidifying its position in the SME market while incorporating technological advances and steadily seizing growth opportunities.

Results trends

Achieved the revised results forecasts in all of revenue and each profit level

1. Overview of FY12/25 results

In the FY12/25 consolidated results, the Company reported revenue of ¥9,529mn (up 12.5% year on year [YoY]), operating profit of ¥485mn (up 400.8%), ordinary profit of ¥458mn (up 506.9%), and profit attributable to owners of parent of ¥215mn (loss of ¥1,172mn in previous fiscal year). EBITDA increased significantly to ¥1,371mn (up 60.0%), with profit growth driven by improvement in gross profit across all businesses and increased operational efficiency. By balancing revenue growth and cost control, profits at each stage exceeded the revised, upward forecasts, indicating an improvement in management efficiency. The EBITDA margin was 14.4%, reaching the target range of 10% to 15% for 2026 indicated in the medium-term management plan ahead of schedule. The earnings structure is therefore improving at a faster than expected pace.

Regarding revenue, while the SaaS domain is trending stably, the BPaaS domain is maintaining high growth and driving Company-wide growth. Recurring revenue, which accounts for 94.1% of revenue, is steadily accumulating at an increase of 14.2% YoY, creating a structure that enhances earnings stability and future predictability. The gross profit margin remains at a high level of 69.3%, contributed to by the improvement of the service mix and the increased accuracy of cost control. In addition, the streamlining of advertising and outsourcing expenses has progressed, and the ratio of SG&A expenses to revenue is declining. Regarding security-related expenses, while advancing the strengthening of countermeasures against ransomware and spoofing scams, the Company is responding by prioritizing them in consideration of engineer capacity. Although it is not a structure where personnel costs will immediately spike, the Company recognizes that a certain budget allocation is necessary. Since December 2024, the Company has been engaged in enhancing its earnings structure, but investment in growth has not decreased significantly. For marketing expenses in particular, it has been cutting investment that is not supported by unit economics while assessing effective channel development. We at FISCO believe that the Company's stance of aiming to achieve both growth investment and cost efficiency is clear.

Furthermore, the headcount for the entire Group increased by 109 from the previous fiscal year, particularly due to an increase in operators related to the BPaaS business, which is a growth driver. Personnel costs are trending upward, but increasing the number of operators is indispensable to expanding the business foundation. Going forward, the Company will continue recruitment to support business growth, while simultaneously promoting the utilization of AI and the standardization of operations, aiming to build a highly profitable model through productivity improvement.

In FY12/25, as the second year of the medium-term management plan (FY12/24 to FY12/26), the Company focused on developing the foundation and expanding the business to simultaneously sustain high growth and strengthen earnings generation capabilities. For the flagship product, the Chatwork business chat service, it promoted user expansion measures centered on a product-led growth (PLG) strategy. Through the implementation of password-less functions and the simplification of the account registration process, it reduced friction during introduction and improved convenience and the new registration completion rate. Furthermore, it started API integration with Shalom, an SaaS for social insurance labor consultants with a leading market share, and promoted the invitation and acquisition of non-users through support for operational efficiency.

Results trends

In the BPaaS domain, the Company aimed to accelerate growth through organizational restructuring and rebuilding its brand strategy. Through the business integration of kubell partner Co., Ltd. and MINAGINE Inc. in July 2025, it consolidated management resources and simplified the decision-making process, aiming to improve growth speed and streamline Group management. In addition, it revamped the service brand to TAXITA, promoted rebranding, redefined the value provided, and strengthened market penetration. Furthermore, to comprehensively support the non-core operations of SMEs, it launched TAXITA Recruitment, a recruitment process outsourcing (RPO) service.

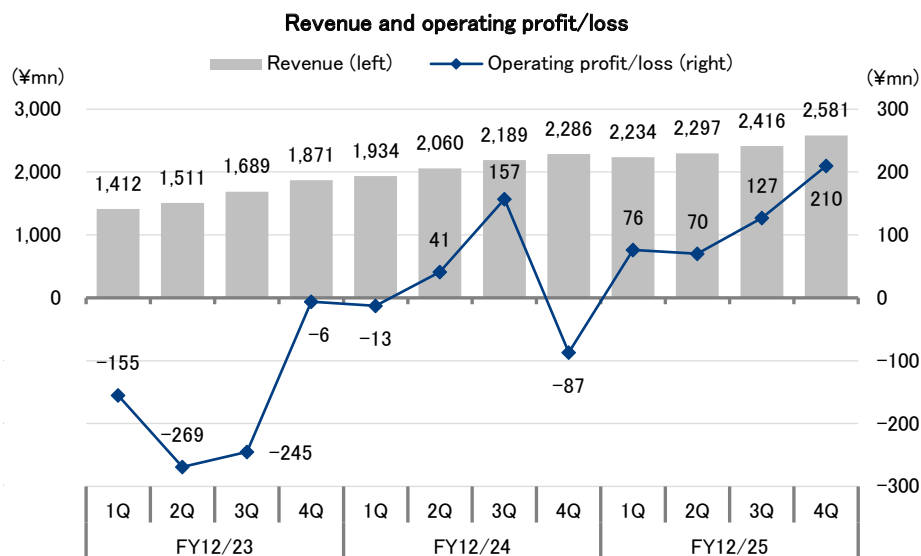
Moreover, it actively promoted M&A and alliance strategies to achieve discontinuous growth. In February 2026, it took over the business of the Paytner Invoice cloud billing processing service, strengthened its ability to support DX of accounting operations, and entered the fintech domain. Since invoice processing is the core of routine operations at SMEs and has a high affinity with existing products, it is a field where value creation is expected through cross-selling and data integration. In December of the same year, it resolved to make kubell storage Co., Ltd., which was a consolidated subsidiary, a wholly owned subsidiary, aiming to accelerate decision-making and improve flexibility in investment decisions.

As described above, the Company advanced the strengthening of its business foundation through a trinity of organic growth via PLG, organizational restructuring and service expansion in the BPaaS domain, and discontinuous growth through M&A. Each measure is positioned in the execution phase of the growth scenario based on the medium-term management plan, and going forward, we at FISCO believe these measures will contribute to profitability improvement and sustainable growth.

FY12/25 consolidated results

	FY12/24		FY12/25		YoY	
	Results	% of revenue	Results	% of revenue	Change	Change %
Revenue	8,470	-	9,529	-	1,058	12.5%
Operating profit	96	1.1%	485	5.1%	388	400.8%
Ordinary profit	75	0.9%	458	4.8%	382	506.9%
Profit attributable to owners of parent	-1,172	-	215	2.3%	1,387	-
Earnings per share	-28.59	-	5.14	-	33.73	-

Source: Prepared by FISCO from the Company's financial results



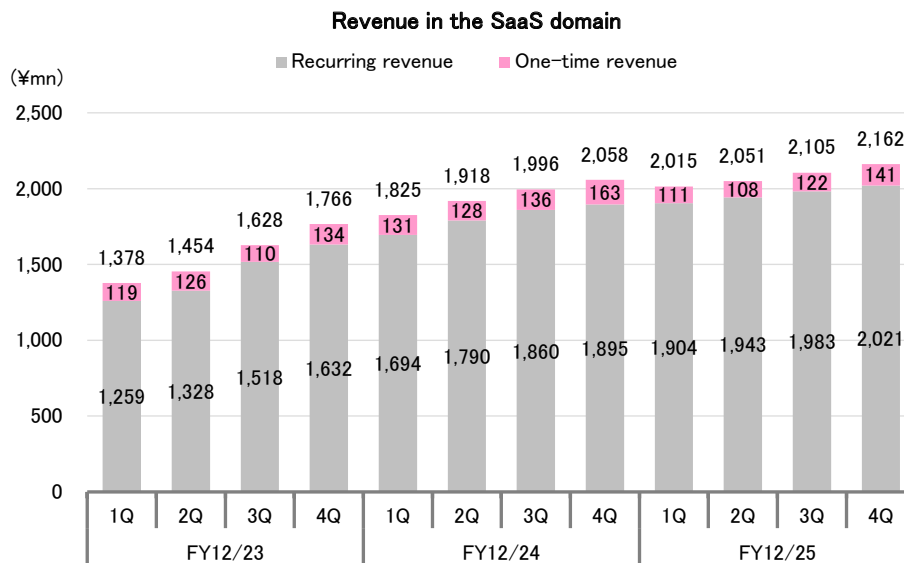
Source: Prepared by FISCO from the Company's results briefing materials

Results trends

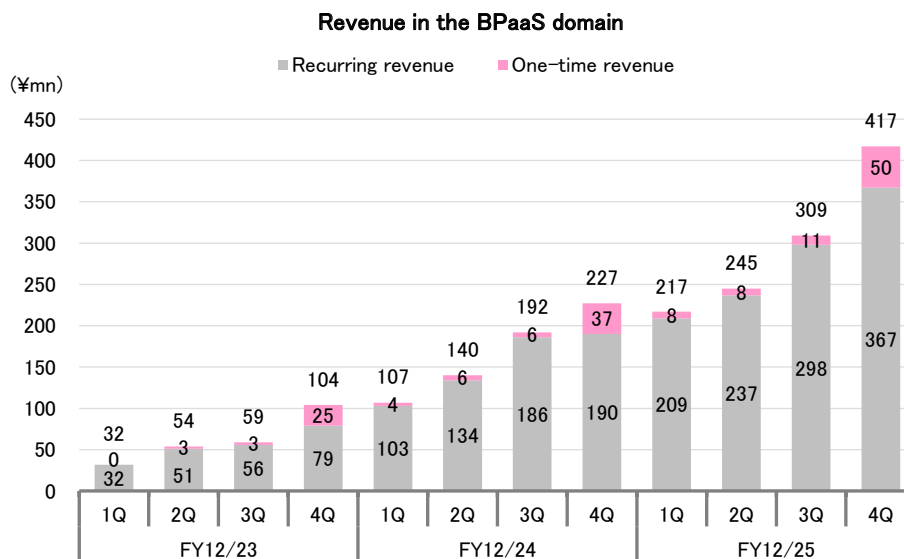
2. Revenue trends by domain

Revenue in the SaaS domain overall was ¥8,337mn (up 6.9% YoY). Recurring revenue in particular remained solid at an 8.5% increase, and the maintenance and expansion of the existing customer base are progressing steadily. In addition, revenue in the BPaaS domain overall showed a high growth rate at ¥1,191mn (up 77.8% YoY).

Recurring revenue, which accounts for over 90% of revenue, showed even higher growth at ¥1,111mn (up 81.2%), continuous contract accumulation is progressing, and the potential as a high-growth sector is clearly appearing.



Source: Prepared by FISCO from the Company's results briefing materials



Source: Prepared by FISCO from the Company's results briefing materials

Results trends

3. Core KPI highlights for 4Q FY12/25

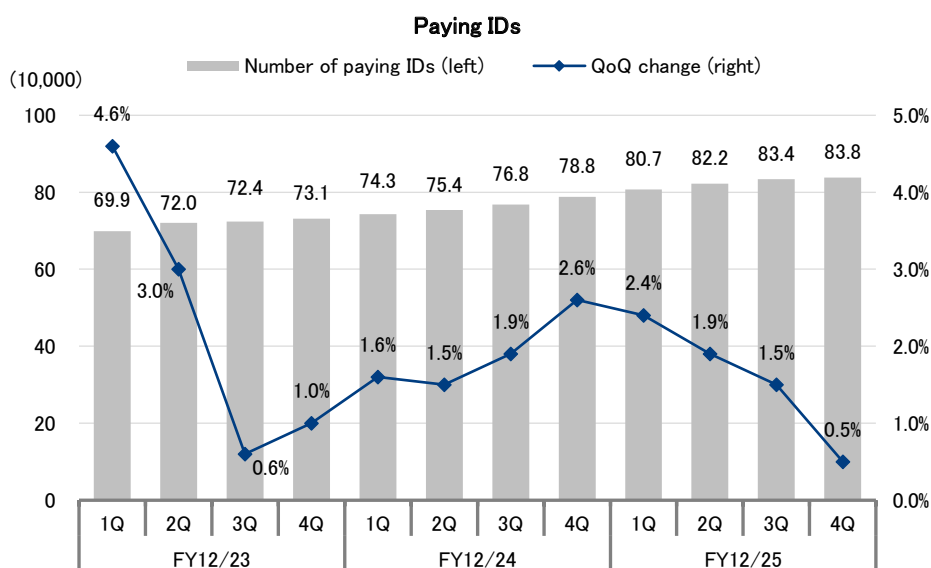
Annual recurring revenue (ARR) on a Company-wide basis was ¥9,557mn (up 14.6% YoY), as the earnings base maintained stable growth. As for the breakdown, ARR in the BPaaS domain in particular showed dramatic growth of 93.3% YoY, which was a strong driver of Company-wide ARR growth. ARR in the SaaS domain also remained solid at ¥8,086mn (up 6.6%). ARR is an important indicator showing the stability of future revenue. The strengthening of the recurring revenue model is contributing to medium- to long-term earnings stabilization.

The number of companies adopting the Company’s services reached 974,000 (up 9.9%), as the customer base steadily expanded, centered on mid-tier companies and SMEs. The number of adopting companies is the total of companies contracted for the Chatwork business chat service and those utilizing BPaaS or other services.

The number of registered Chatwork IDs was 8,066,000 IDs (up 9.3%). The number of daily active users (DAUs) also steadily expanded to 1,241,000 DAUs (up 4.7%). Although the growth of DAUs is somewhat gradual relative to the increase in the number of IDs, the steady accumulation of active users is continuing. It can be said that the strengthening of the platform foundation is continuing to progress.

The number of paying IDs remains solid at 838,000 (up 6.3%). ARPU, the average revenue per paying ID, decreased slightly to ¥730.3 (down 0.2%), but it recovered, increasing 0.7% from 3Q FY12/25, as a result of successfully enhancing management of discounted contracts. The churn rate for paying IDs was 0.94% (down 0.01pp YoY). Compared to 3Q FY12/25, it increased 0.08pp, rising slightly due to the impact of the cancellation by a large customer, but we view this as temporary. Overall, the churn rate is at a low level, and it can be evaluated that the stability of the recurring revenue model is being maintained.

As a measure to enhance product value, the Company is currently considering strengthening services under the enterprise plan. In the SaaS market, service expansion accompanied by price increases is the norm, but the Company’s service remains inexpensive compared with competitors, leaving ample room for price hikes. In addition, we at FISCO believe that greater use of services such as TAXITA will increase product dependence, which will make price hikes more readily acceptable.



Source: Prepared by FISCO from the Company’s financial results and results briefing materials

Results trends

4. Financial position

Total assets at the end of FY12/25 amounted to ¥6,682mn, an increase of ¥568mn from the end of the previous fiscal year. This is primarily attributable to an increase of ¥542mn in cash and deposits and a ¥154mn increase in prepaid expenses against a ¥269mn decrease in investments and other assets. Total liabilities amounted to ¥4,683mn, an increase of ¥167mn. This is primarily attributable to a ¥242mn increase in contract liabilities and ¥164mn increase in provision for share-based compensation against a ¥315mn decrease in the current portion of long-term borrowings. Total net assets amounted to ¥1,999mn, an increase of ¥401mn. This is primarily attributable to an ¥86mn increase in share capital, ¥86mn increase in capital surplus, and ¥215mn increase in retained earnings. The equity ratio rose 3.8pp to 29.9%. We at FISCO view the shift to positive EBITDA and operating profit as driving an increase in cash and deposits, indicating an improving financial base.

■ Outlook

Aims for revenue to increase at least 13% YoY and EBITDA of at least ¥1.5bn

1. FY12/26 forecasts

The FY12/26 consolidated results forecasts project revenue of at least ¥10,768mn (up at least 13% YoY) and EBITDA of at least ¥1,500mn (up at least 9.4%). Along with continuing to expand the business chat business base, the Company will promote scale expansion and profitability improvement in the BPaaS business, aiming to re-accelerate revenue growth and continue increasing revenue and profits.

In the medium-term management plan, the financial targets for the final year of FY12/26 are revenue of ¥15,000mn, EBITDA of ¥1,500mn to ¥2,250mn, and an EBITDA margin of 10% to 15%. By business, it anticipates ¥9,000mn to ¥10,000mn in the SaaS domain, ¥2,000mn to ¥3,000mn in the BPaaS domain, and at least ¥4,000mn from M&A and new businesses.

Although there is no change to these targets themselves, taking into account that they include a certain degree of uncertainty such as M&A and new businesses, the results forecasts were set conservatively without factoring in these effects. The stance of clearly distinguishing between plan values and forecast values is an expression of a management policy that emphasizes the transparency of disclosure and the certainty of realization.

FY12/26 consolidated results forecast

	(¥mn)		
	FY12/25	FY12/26	Change %
Revenue	9,529	10,768-	13.0%-
EBITDA	1,371	1,500-	9.4%-

Source: Prepared by FISCO from the Company's financial results

Outlook

2. FISCO's view

In the current stock market, arguments such as “SaaS is Dead” have emerged against the backdrop of the advancement of AI agents, and SaaS-related stocks in general are in a valuation adjustment phase. However, we at FISCO believe that Chatwork, the Company's flagship service, falls structurally outside the scope of such arguments.

The so-called “SaaS is Dead” argument points out the possibility that business models will be undermined as AI agents collect and manipulate data from various SaaS platforms, eliminating the need for per-user license contracts, resulting in, for example, 100 people being consolidated into a single account. It is also pointed out that, with AI acting as the interface, the brands and product differences of the SaaS operating in the background become less recognizable, leading to reduced dependence.

However, business chat is essentially a “person-to-person” communication platform, predicated on each user having a unique ID and conversing with one another. Since the subjects of the conversation cannot be established if licenses are consolidated, the logic of account reduction through AI does not apply. The earnings structure clearly differs from business management SaaS in that the number of IDs itself is the source of value.

What is even more noteworthy is that business chat is not on the side of being “used” by AI agents, but rather can function as a UI platform for humans to execute and instruct AI. The format of calling upon AI on a communication platform used on a daily basis to supplement and automate operations has an extremely high affinity. In other words, AI is highly likely to be a leverage that enhances platform value, rather than a factor for substitution.

Although it is possible to envision a scenario where some business process-specialized SaaS face reorganization pressure, the Company, as a communication-based SaaS, is in a position that is unlikely to be affected by this. Rather, we believe it can enhance its medium- to long-term competitive advantage by strengthening its role as a hub connecting people and AI in the AI era. Contrary to the pessimism of the overall market, we at FISCO believe the Company's service structure is consistent with the advancement of AI, and there is significant room for improving its value as a platform.

3. Topics

Current topics of discussion are as follows.

(1) Takeover of Paytner Invoice Business

In February 2026, the Company took over the Paytner Invoice Business operated by Paytner Inc. via an absorption-type split. Paytner Invoice is a corporate cloud billing processing service that offers end-to-end automation of everything from collection and management of bills to scheduling and executing transfers. The main customers are SMEs and startups without a specialized accountant, making it suitable for a segment with high needs for operational efficiency.

It is worth noting that the Company entered into a capital alliance with Paytner via CVC in December 2022, and this business takeover was executed after thoroughly confirming synergies. Although the impact of this on the FY12/26 results is considered minor, it has major strategic significance in terms of acquiring capabilities in the fintech domain and strengthening support for the DX of accounting operations. It is expected to expand medium- to long-term earnings opportunities, such as by improving operational efficiency through cross-selling to Chatwork customers and integration into BPaaS.

Outlook

(2) Making kubell storage Co., Ltd. a wholly owned subsidiary

On December 19, 2025, the Company resolved to acquire 100% of the shares of kubell storage Co., Ltd. to make it a wholly owned subsidiary. At the same time, it started a business alliance with Startia Holdings Group <3393>, aiming to expand its customer base among mid-tier companies and SMEs.

In July 2021, it established kubell storage Co., Ltd. as a joint venture with Startia Raise Co., Ltd., entering the cloud storage business. To date, it has achieved a smooth launch by utilizing the expertise of both companies, but in response to the increased probability of growth driven by the progress of product development, it decided to revise the capital structure for the purpose of accelerating decision-making and strengthening intra-Group coordination. Even after the share transfer, the companies will share the common strategy of “providing BPaaS to mid-tier companies and SMEs” and aim to expand their customer base by combining their strengths.

(3) Approach to M&A strategy and track record

M&A has traditionally been a key growth strategy, and the Company plans to continue actively promoting it going forward. There are two major themes: first, promoting the Super App concept with Chatwork as a platform; and second, executing a roll-up of BPO providers aimed at expanding the scale of BPaaS.

Under the Super App concept, the envisioned targets include SaaS vendors and others providing products and services that promote DX at SMEs. Meanwhile, in the BPO domain, targets are providers with strengths in specialized areas such as online assistants, accounting, and labor management. It has made clear its stance of constantly exploring opportunities and achieving discontinuous growth.

Including the two most recent deals, its track record of business growth through M&A is steadily accumulating. In addition to the aforementioned establishment of kubell storage Co., Ltd. and making it a wholly owned subsidiary, as well as taking over the Paytner Invoice Business, its track record includes the acquisition of MINAGINE in January 2023. It is actively engaged in sourcing at present as well, and says there are a considerable number of proposed deals and consultations. Although no external announcements have been made, it continues to review potential deals. Its policy is to continuously execute small deals while taking goodwill levels into consideration, and it is exploring growth investments with an eye toward the FY12/26 results forecasts of at least 13% YoY revenue growth and achieving the Medium-Term Management Plan.

■ Growth strategy

Aiming to establish a position as the leading BPaaS company for SMEs

The Company has drawn up a medium-term management plan embracing the objective of establishing the Company's position as the leading BPaaS company for SMEs. Under the plan, the Company aims to achieve no less than a 32% compound annual growth rate (CAGR) in consolidated revenue from FY12/24 through FY12/26, with financial targets for the plan's final year consisting of consolidated revenue of ¥15.0bn, EBITDA of between ¥1.5bn and ¥2.25bn, and an EBITDA margin of between 10% and 15%. These targets have remained unchanged since release of the plan. The ¥15.0bn revenue target comprises between ¥9.0bn and ¥10.0bn in the SaaS domain centered on Chatwork, between ¥2.0bn and ¥3.0bn in the BPaaS domain, and at least ¥4.0bn attributable to new business and M&A. While the plan was initially predicated on organic growth, the Company has since shifted to a policy directed toward strategically incorporating M&A as a means of achieving growth. The policy change reflects heightening feasibility of executing a roll-up strategy particularly in its BPaaS domain, through successive acquisitions of relatively small companies that provide BPO services to SMEs, such as kubell partner. At present, the Company is focusing its attention on the BPaaS domain. While details of individual deals have not been disclosed, it has received a large volume of information, including sourcing opportunities. We at FISCO believe that joining the Group would offer significant advantages to counterpart companies as well, as it would enable cross-selling by leveraging the customer base of Chatwork.

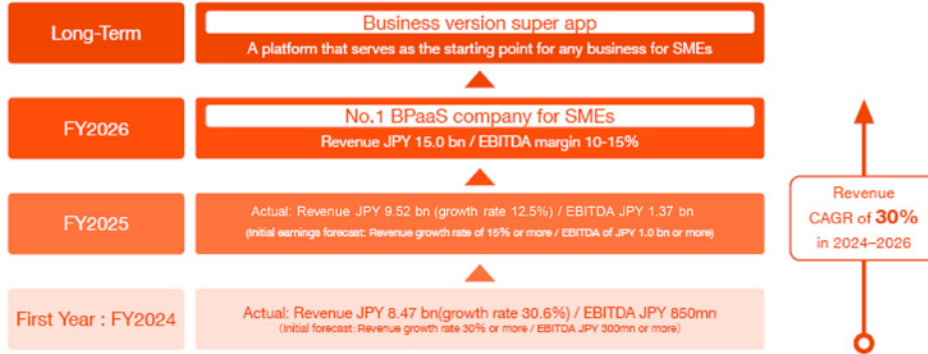
The central pillar of the medium-term management plan lies in expanding the BPaaS business in serving as an engine of further growth, while maintaining business chat sales growth. The Company also plans to work toward ensuring that its new businesses contribute to earnings. Strategically, the Company will promote its BPaaS strategy for facilitating the development of various businesses, based on further enhancement of the value of its communication platforms centered on business chat. Additionally, the Company aims to create future core businesses and achieve discontinuous growth through AI-driven research and development that leverages Group assets, combined with its incubation strategy for new businesses.

Looking back on the period up to FY12/25, it appointed a CTO and a CPO in July 2025. By strengthening the PLG promotion structure for Chatwork, strategic function development progressed steadily. The top line of the BPaaS domain grew at a rapid pace of 77.8% YoY, and Company-wide revenue expanded to the ¥1,000mn level. On the other hand, because it adopted a strategy prioritizing the maximization of the total volume of business with an eye toward the AI era, streamlining and profit generation took a relative back seat. From FY12/26 onward, it will strongly promote the utilization of AI on a Company-wide basis, thoroughly incorporating it into everything from product development to internal operations. For Chatwork, it will strengthen product-driven PLG investment, and for BPaaS, it aims to significantly improve profit margins through "standardization" and "AI promotion." Furthermore, it will launch multiple new businesses with high affinity with Chatwork, creating cross-business synergies.

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Growth strategy

Overview of the medium-term management plan



Source: The Company's results briefing materials

Financial targets of the medium-term management plan

	(¥mn)			
	FY12/23	FY12/24	FY12/25	FY12/26 (target)
Revenue	6,485	8,470	9,529	15,000
EBITDA	-83	856	1,371	1,500-2,250
EBITDA margin	-	10.1%	14.4%	10.0-15.0%

Source: Prepared by FISCO from the Company's financial results

The Company released its medium- to long-term financial targets in 1Q FY12/25, in which it specifies key metrics comprising direct cost ratio, marginal profit ratio, sales and marketing (S&M) ratio, research and development (R&D) ratio, general and administrative (G&A) ratio, and EBITDA margin. This is because the very labor-intensive nature of the Company's BPaaS business draws attention to the impact on its profit margins. The Company's goal is to reduce S&M from the current 24% to somewhere in the range of 15-20%, in seeking to narrow the gap between its FY12/24 actual results and its medium- to long-term targets, which it aims to achieve by standardizing marketing and sales functions, promoting product-led growth, and using cross-selling to guide customers toward its BPaaS offerings. In R&D, the Company has outlined its policy of continued investment in products and AI. Given its currently high ratio of G&A expenses, the Company will implement stringent cost controls going forward. In the long term, the Company aims to promote development of business super app platforms that serve as a starting point for all business activities underpinned by the Company's overwhelming market share in the SME market. The Company has furthermore set a medium- to long-term target of achieving a final EBITDA margin in the 25-40% range. The potential size of the BPaaS market for non-core SME business operations is ¥49.1tn (potential market), with the core target segment alone valued at ¥345.3bn (actual market). Accordingly, we at FISCO expect the Company to achieve both medium- to long-term growth and stable profitability.

Growth strategy

Medium- to long-term financial targets

	FY12/24	FY12/25	FY12/26 (plan)	Medium- to long-term targets
Direct cost ^{*1}	18%	22%	20%	20–25%
Marginal profit ratio	82%	78%	80%	75–80%
S&M ^{*2}	32%	24%	22–25%	15–20%
R&D ^{*3}	17%	18%	16–18%	15–20%
G&A ^{*4}	23%	22%	20–22%	10–15%
EBITDA margin	10%	14%	10–15%	25–40%
Depreciation and amortization	9%	9%	9–10%	Around 10%
Operating profit margin	1%	5%	5–10%	15–30%

*1 Direct cost refers to the total cost of sales in managerial accounting, excluding depreciation and amortization. It includes server costs, payment fees, and personnel costs related to BPaaS operators and customer support.

*2 S&M refers to the sales and marketing ratio. It represents the total sales and marketing costs in managerial accounting, excluding depreciation and amortization. These include advertising expenses related to sales promotion, personnel costs for the sales staff, and other related expenses.

*3 R&D refers to the research and development ratio. It represents the total research and development costs in managerial accounting, excluding depreciation and amortization. These include personnel costs for engineers involved in service development, and other related expenses.

*4 G&A refers to the general and administrative ratio. It represents the total general and administrative costs in managerial accounting, excluding depreciation and amortization. These include personnel expenses for the corporate division, and other related expenses.

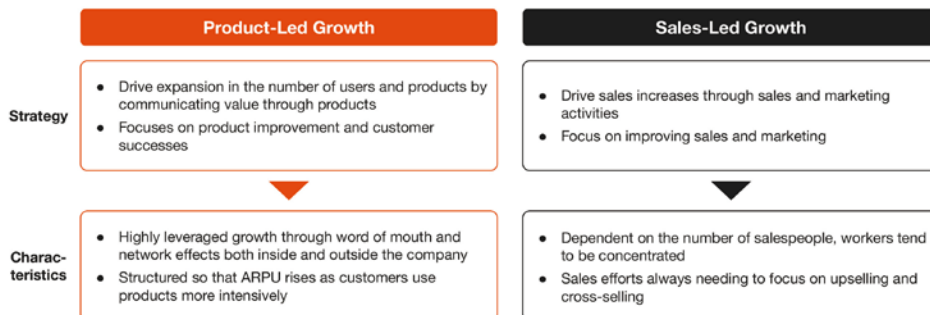
Source: Prepared by FISCO from the Company's results briefing materials

1. Key strategies

(1) Communication platform strategy

The communication platform strategy centers on the Product-Led Growth (PLG) approach. The Company focuses on gaining customers and driving growth specifically through products, which differs from the conventional Sales-Led Growth (SLG) model. Specifically, in the PLG model, the Company offers easy-to-use services free of charge then draws on data derived from use of such services to identify potential paying customers. With an emphasis on efficient customer support using chat, the Company is taking steps to develop business chat service models to address the needs of various industries. The intended effect of this approach is to leverage the Company's competitive advantages in the Japanese market and to improve the quality of its marketing and sales processes. Additionally, the Company seeks to capture an overwhelming share of the Japanese market by leveraging its extensive knowledge of business processes across various industries. The Company harnesses the PLG model in AI-driven data analysis, enabling it to significantly expand its user base while curbing advertising expenses. This strategy is driving the evolution of Chatwork into the most suitable product for next-generation BPaaS in the business chat market.

Differences between the PLG model and SLG model



Source: The Company's results briefing materials

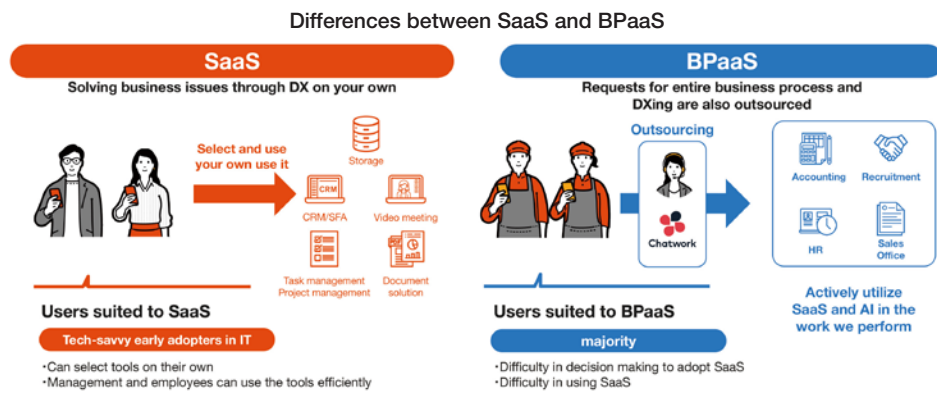
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Growth strategy

(2) BPaaS strategy

The goal of the BPaaS strategy is to dramatically improve the operational efficiency of client companies by delivering business processes as cloud services. BPaaS differs from conventional BPO by offering advanced workflow automation through the use of SaaS. This enables them to significantly reduce management costs by advancing DX in their business processes. The Company has developed an API-integrated workflow automation engine for its business chat-centered platform, making it possible to provide customers with more efficient services while minimizing operational man-hours. Moreover, in light of the over 973,000 businesses using Chatwork, the Company is expanding its BPaaS offerings. BPaaS provides effective solutions to companies lacking sufficient in-house DX professionals and offers cloud-based business process services to businesses struggling to advance DX. Furthermore, the Company aims to offer a wide range of one-stop solutions, from general business operations to advanced specialized tasks. By doing so, the Company seeks to achieve higher earnings while securing competitive advantages in the BPaaS market.



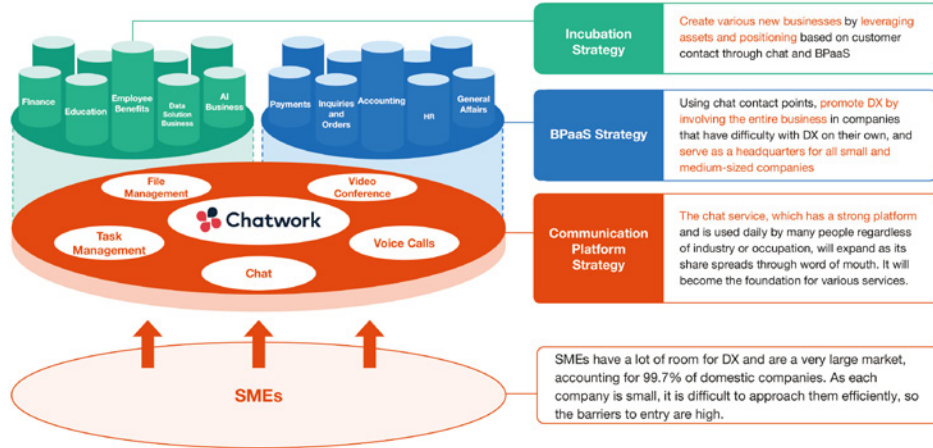
Source: The Company's results briefing materials

(3) Incubation strategy

Under its Incubation strategy, the Company aims to establish a third pillar of growth following its business chat services and BPaaS offerings. This strategy involves integrating AI technology in making the most of the Company's extensive customer assets and platform capabilities with the aim of creating additional value. The Company seeks to qualitatively and quantitatively expand its customer data and improve marketing efficiency while creating new AI-powered businesses. For instance, the Company provides new services tailored to customer needs by analyzing textual data amassed through business chat and developing AI-powered personalized services. Also, the Company launched the kubell BPaaS Fund in FY2021, which serves as its corporate venture capital. Through the fund, the Company facilitates growth of its investee companies and strengthens partnerships undertaken to generate synergies. Notably, the Company made MINAGINE a wholly owned subsidiary in January 2023 (which underwent business integration with kubell partner in July 2025), enabling it to provide BPaaS solutions in the human resources and labor management field and paving the way for more expanded investment opportunities. As such, the Incubation strategy constitutes key initiatives aimed at strengthening the Company's existing businesses, creating new pillars of discontinuous growth, and solidifying its long-term earnings base. The Company announced that it had entered into a capital and business alliance with employee benefits platform provider miive, Inc. in November 2024, raising expectations that the Company will step up its efforts in the employee benefits field, a key pillar of its Incubation strategy.

Growth strategy

Three interrelated strategies



Source: The Company's results briefing materials

2. Sustainability vision

The Company has established its sustainability vision, underpinned by its mission of “making work more fun and creative.” The Company accordingly aims to create a society that enables people to enjoy their work and express their creativity toward achieving their dreams and aspirations, thereby ensuring that the time people spend working is not merely a means of earning a living. The Company believes that this will enrich the lives of working people, thereby giving rise to value creation that will make society more prosperous and sustainable. To achieve this vision, the Company embraces cooperation with its stakeholders, aiming to help achieve sustainable social value creation through co-creation.

■ Shareholder return policy

Ongoing business expansion to involve allocating profits to essential investment for the time being

The Company positions returning profits to its shareholders as a key management priority and adopts a basic policy of providing appropriate dividends while maintaining a balance between shareholder returns and internal reserves. However, the Company recognizes that it is currently in a growth phase and has accordingly prioritized fortifying its internal reserves and focusing on investments aimed at enhancing profitability and developing its business foundations. The Company believes that such investment will enable stable and sustained shareholder returns in the future, and the decision on payment of dividends remains pending.

Meanwhile, the Company's shareholder benefits plan provides for one ID free of charge under the Personal Plan, which is one of the Company's paid services, thereby waiving the monthly fee for the ID over the duration of stock ownership. The Company offers this benefit in seeking to encourage a greater number of shareholders to use its services so that they gain a more extensive understanding of the Company. The benefit applies to shareholders listed as holding at least one share unit (100 shares) in the shareholder register for six or more consecutive months as of June 30 and December 31 of each year. The Company continues to offer the Personal Plan as a shareholder benefit, although it was previously integrated into the Business Plan.

Under its shareholder return policy, the Company has opted to assign priority to investment in growth rather than paying direct dividends at this stage, but it will also encourage long-term support of its shareholders through shareholder benefits and by implementing measures to enhance their understanding and support of the Company. This strategy is based on the belief that it will lead to consistent shareholder returns in the future. We at FISCO believe that focus should be placed on the future returns from the Company's invested capital for the time being, given the prevailing need to allocate capital to upfront investments.



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